



Australian Bureau of Statistics

6302.0.55.003 - Information Paper: Release of Average Weekly Cash Earnings Series, May 2011

Latest ISSUE Released at 11:30 AM (CANBERRA TIME) 21/07/2011 First Issue

Summary

Main Features

INTRODUCTION

The purpose of this information paper is to advise of the upcoming release of the new Average Weekly Cash Earnings (AWCE) series for the period May 2010 to May 2011 inclusive. The paper provides background and information relating to the Average Weekly Cash Earnings estimates that will be released with the May 2011 issue of **Average Weekly Earnings, Australia** (cat. no. 6302.0) on 18 August 2011. The new AWCE series complement the existing series by providing estimates of average weekly earnings which include salary sacrificed earnings.

BACKGROUND

The Survey of Average Weekly Earnings (AWE) provides estimates of employee earnings based on information obtained from a sample survey of employers. Estimates of average weekly earnings and changes in average weekly earnings are published quarterly in original, seasonally adjusted and trend terms. Average weekly earnings estimates from the AWE survey are referenced extensively in Commonwealth, state and territory legislation, including for the indexation of a number of government benefit payments. AWE series may also be used in escalator clauses in contracts.

International standards and guidelines provide the broad principles behind the ABS' conceptual framework for statistics relating to employee remuneration. The definition of earnings currently used in the AWE survey is, broadly, current and regular payments in cash to employees for work done.

Salary sacrifice is defined as an arrangement where an employee agrees to forgo part of their pre-tax salary in return for benefits. Common types of salary sacrifice arrangements include pre-tax contributions to superannuation funds and novated leases for motor vehicles. The salary forgone in the reference week is collected in the AWE survey. Earnings series from the AWE survey have historically excluded amounts salary-sacrificed, as these were previously considered as payments in kind.

In the years prior to 2006, changes in the nature of employee remuneration led to the need for the ABS to review its measures of employee remuneration, to ensure that the conceptual basis of the measures was still sound. Of particular interest was the increase in use of salary sacrifice arrangements. The review led to a revised conceptual framework for measures of employee remuneration, where amounts salary-sacrificed were conceptually considered to be wages and salaries in cash, as presented in **Information Paper: Changes**

to **ABS Measures of Employee Remuneration** (cat. no. 6313.0). However, as explained in 6313.0, the ABS has continued, and will continue, to publish the AWE series on the old basis (i.e. exclusive of amounts salary-sacrificed) to maintain long term comparability of the time series.

Due to the 2006 revisions in the conceptual framework, the ABS expanded the AWE survey from August 2007 to collect amounts salary-sacrificed by employees, with the intention of releasing a new series of earnings which was inclusive of salary-sacrificed amounts. However, although estimates of earnings from the AWE survey should have excluded amounts salary-sacrificed, there was evidence that some data providers had been inadvertently including it. The ABS worked closely with data providers to identify instances of mis-reporting, and to amend their reporting practices where necessary. Furthermore, the ABS was able to quantify the extent of mis-reporting that occurred and could then estimate the impact of this mis-reporting on the historical series. As a result, AWE data series for August 1996 through to May 2008 were revised to exclude all amounts salary-sacrificed. The revised estimates were published in the August 2008 issue of the **Average Weekly Earnings, Australia** (cat. no. 6302.0) released on 13 November 2008. A broad indication of the data impacts, including the key series affected by the revisions, was provided in the **Information Paper: Revisions to Average Weekly Earnings Series** (cat. no. 6302.0.55.001), released 11 November 2008.

RELEASE OF AVERAGE WEEKLY CASH EARNINGS ESTIMATES

A quality assessment of the earnings estimates based on the revised conceptual framework for measures of employee remuneration (i.e. inclusive of amounts salary-sacrificed) has now been completed. Based on this assessment the ABS has determined that it is feasible to release the AWCE estimates for May 2010 to May 2011 inclusive, and then on a continuing basis.

DATA AVAILABILITY

The new Average Weekly Cash Earnings series will be released as an additional (not replacement) series. The difference between the Average Weekly Cash Earnings and Average Weekly Earnings series is the average weekly amount salary-sacrificed.

The new series will have different labels to the current AWE series, to clearly distinguish them from the current series (see table 1 below). Both sets of series will be available for males, females and persons; and for composition of earnings: full-time adult ordinary time earnings, full-time adult total earnings and all employees total earnings.

Table 1: Series Labels of AWE and AWCE

Average Weekly Earnings Series Labelling	Average Weekly Cash Earnings Series Labelling
Earnings; Males; Full Time; Adult; Ordinary time earnings;	Earnings; Males; Full Time; Adult; Ordinary time cash earnings;
Earnings; Males; Full Time; Adult; Total earnings;	Earnings; Males; Full Time; Adult; Total cash earnings;
Earnings; Males; Total earnings;	Earnings; Males; Total cash earnings;
Earnings; Females; Full Time; Adult; Ordinary time earnings;	Earnings; Females; Full Time; Adult; Ordinary time cash earnings;

Earnings; Females; Full Time; Adult; Total earnings;	Earnings; Females; Full Time; Adult; Total cash earnings;
Earnings; Females; Total earnings;	Earnings; Females; Total cash earnings;
Earnings; Persons; Full Time; Adult; Ordinary time earnings;	Earnings; Persons; Full Time; Adult; Ordinary time cash earnings;
Earnings; Persons; Full Time; Adult; Total earnings;	Earnings; Persons; Full Time; Adult; Total cash earnings;
Earnings; Persons; Total earnings;	Earnings; Persons; Total cash earnings;

The new Average Weekly Cash Earnings estimates will be released in three data cubes on the ABS website. As such, this means that quarterly or annual movements in the AWCE data will not be reported on the ABS website although users of the data can calculate these from the estimates provided in the data cubes.

The table numbers, names, classifications and available time series are outlined in Table 2 below. A complete set of the sample tables for the release of the AWCE estimates in respect of the May period 2011 are available via the 'Downloads' tab from the ABS website for this publication.

Table 2: Data Cubes Available.

Table Number	Table Name	Classifications Available	Time Series Available
Table 15	Average Weekly Cash Earnings - Australia by Sector	Private: Original, Public: Original and Australia: Original	(May 2010 to May 2011)
Table 16	Average Weekly Cash Earnings - State by Sector	State - all sectors: Original, Private sector by State (persons only): Original and Public sector by State (persons only) : Original	(May 2010 to May 2011)
Table 17	Average Weekly Cash Earnings - Industry	Industry - all sectors: Original	(May 2010 to May 2011)

SEASONAL ADJUSTMENT

Original series earnings estimates and associated standard errors for AWCE will be freely available on the ABS website. This means that all equivalent original series that are currently available for AWE will also be available for the AWCE.

In the February 2011 issue of **Average Weekly Earnings, Australia** (cat. no. 6302.0) users of the data were notified of the change in collection frequency from quarterly to biannual in 2012. The note explained that the May 2012 publication (to be released in August 2012) will be the last on a quarterly basis; that there will be no August 2012 publication; and that the November 2012 publication will be the first to be produced on a biannual basis. From 2013 onwards, the AWE data will then be produced twice a year with respect to the May and November issues of the publication, released in August and February respectively. This change also applies to the Average Weekly Cash Earnings series that is to be released with the May 2011 issue.

The move to a biannual frequency requires the ABS to assess the feasibility of releasing seasonally adjusted and trend estimates for the AWE series, however, it should be noted that the strength of seasonality has declined in recent years. If it is feasible to continue to seasonally adjust the AWE series after the change in frequency, it will not be possible to seasonally adjust the AWCE series until a sufficient length of time series has been accumulated. This is expected to be reached after three years at the time of the November 2012 issue.

DATA QUALITY ASSESSMENT

The Average Weekly Cash Earnings estimates are considered equivalent in quality to the existing AWE series.

WHERE TO FIND INFORMATION

The Average Weekly Cash Earnings series will appear on the ABS website on the Downloads tab of the **Average Weekly Earnings, Australia** (cat. no. 6302.0) publication under the data cubes heading before the Excel time series spreadsheets. Users will need to scroll to the data cube heading to locate tables 15, 16 and 17. A link to the downloads tab for the May 2011 issue of **Average Weekly Earnings, Australia** (cat. no. 6302.0) to be released on 18 August 2011 is provided below, however, this will not activate until the series has been released on 18 August 2011.

FURTHER INFORMATION

For further information on the release of the Average Weekly Cash Earnings or specific information on Average Weekly Earnings please contact Francesco Tornatore, AWE Dissemination Manager, on Perth (08) 9360 5304.

About this Release

The average weekly cash earnings series inclusive of salary sacrifice is to be released on 18 August 2011. The series will be produced as electronic tables which supplement the Average Weekly Earnings publication. This release will outline the background to the series, the classifications and time periods to be released, and where to find the data on the ABS website.